**Proposals seeking assistance from Japan under Overseas Economic Cooperation Fund**

1097. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government had recently asked different State Governments to submit suitable project proposals for getting Overseas Economic Cooperation Fund loan assistance from Government of Japan;

(b) if so, the details of the proposals received from different States so far, State-wise;

(c) whether the projects mainly included environment, water supply roads and health sector; and

(d) the action taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) In May, 1996, Government of India invited project proposals, inter alia, from all the State Governments for availing Japanese Official Development Assistance for 1997-98 Overseas Economic Cooperation Fund package.

(b) So far, 107 proposals were received from various State Governments, as per details given in Annexure (*See* Appendix 180, Annexure No. 23)

(c) The proposals are in various sectors, such as power, water supply, roads, environment, tourism, textiles, health, etc.

(d) After scrutiny, Government of India have requested Government of Japan for Overseas Economic Cooperation Fund loan for 14 projects of various State Governments as per list at Annexure (See Appendix 180, Annexure No. 23)

**Permission to cooperative banks of Kerala to deal in Foreign Exchange**

1098. SHRI JOY NADUKKARA: Will the Minister of FINANCE be pleased to state whether Government propose to give permission to the cooperative banks to deal in foreign exchange as authorised dealers considering the number of Malayalees working abroad and their contribution towards foreign exchange remittances and also taking into consideration the strong base the cooperative banks have in Kerala?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): Presently the criteria for grant of Authorised Dealers licences to cooperative banks are as follows:—

(a) They should possess a banking licence.

(b) The methods of operations of the bank and financial position should be satisfactory.

(c) There should be adequate scope for foreign exchange business in their area of operation.

Full-fledged Authorised Dealers licences are granted to all banks who satisfy the above eligibility criteria. Co-operative banks who do not satisfy the eligibility criteria but re desirous of limited authorisation for maintaining accounts of their non-resident clients are authorised by RBI for the purpose provided such banks are financially sound. However, for the limited purpose of handling remittances received from NRIs and maintaining their accounts, RBI have been liberally permitting co-operative banks to maintain accounts of non-residents provided the applicant banks have a minimum capital of Rs. 25 crore and have been awarded "A" Class Audit certificate by the Registrar of Co-operative Society consecutively for the last two years.

**Reduction in subsidies to curtail revenue deficit**

1099. SHRI SOLIPETA RAMACHANDRA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to selectively reduce subsidies to curtail revenue deficit; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) The provisions made for subsidies are reflective of the policy of the Government.

(b) Does not arise.